NESTLÉ INDIA LIMITED

Registered Office: M-5A, Connaught Circus, New Delhi – 110 001

UN-AUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 31ST MARCH 2006

(Rupees in Millions)

		THREE MONTHS ENDED		Accounting Year ended 31.12.2005 (Audited)
		31.03.2006	31.03.2005	
1	GROSS DOMESTIC SALES	6,702.7	5,905.9	23,847.1
2	LESS: EXCISE DUTY	451.1	418.9	1,669.9
3	**NET DOMESTIC SALES (1-2)**	**6,251.6**	**5,487.0**	**22,177.2**
4	ADD: EXPORT SALES	507.6	648.3	2,591.8
5	**NET SALES (3+4)**	**6,759.2**	**6,135.3**	**24,769.0**
6	OTHER INCOME	50.4	68.5	237.4
7	**GROSS REVENUE (5+6)**	**6,809.6**	**6,203.8**	**25,006.4**
8	EXPENDITURE			
	a) (INCREASE)/DECREASE IN STOCK OF FINISHED GOODS & WORK – IN –PROGRESS	(229.4)	(253.5)	(122.1)
	b) CONSUMPTION OF RAW & PACKING MATERIALS	3,280.3	2,891.6	10,997.6
	c) STAFF COST	515.6	443.9	1,832.9
	d) OTHER EXPENDITURE	1,827.3	1,666.2	6,840.1
	TOTAL EXPENDITURE (a+b+c+d)	5,393.8	4,748.2	19,548.5
9	**EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND OTHER INCOME (5-8) [EBITDA]**	**1,365.4**	**1,387.1**	**5,220.5**
10	INTEREST	0.3	1.0	2.1
11	DEPRECIATION	157.1	125.5	568.4
12	PROFIT BEFORE TAXATION, IMPAIRMENT & CONTINGENCIES (7-8-10-11)	1,258.4	1,329.1	4,887.4
13	IMPAIRMENT OF FIXED ASSETS (NET)	(2.0)	(35.1)	(26.4)
14	PROVISION FOR CONTINGENCIES (NET)	(124.6)	107.6	223.2
15	PROVISION FOR TAXATION			
	a) CURRENT TAXES (INCL.FRINGE BENEFIT TAX)	412.0	470.2	1,483.3
	b) DEFERRED TAXES	86.9	5.9	111.6
	NET TAXES (a+b)	498.9	476.1	1,594.9
16	**NET PROFIT (12-13-14-15)**	**886.1**	**780.5**	**3,095.7**
17	PAID UP EQUITY SHARE CAPITAL (FACE VALUE – RS. 10 PER SHARE)	964.2	964.2	964.2
18	RESERVES EXCLUDING REVALUATION RESERVES	-	-	2,577.2
19	BASIC AND DILUTED EARNINGS PER SHARE (RS.)	9.20	8.10	32.11
20	AGGREGATE OF NON – PROMOTER SHAREHOLDING			
	- NUMBER OF SHARES	36,785,762	36,785,762	36,785,762
	- PERCENTAGE OF SHAREHOLDING	38.15%	38.15%	38.15%

Notes:

1. Net Sales for the quarter have increased by 10.2% compared with the same period of 2005. Net Domestic Sales have increased by 13.9% largely on account of higher volume growth supplemented by better realisations. Export Sales have decreased by 21.7% compared with the same period of 2005 mainly due to lower sales of Beverages to Russia and Japan.

2. Other Income has declined by 26.4% largely due to the first quarter of last year being positively influenced by exceptional items.

3. During the second quarter of 2005, the Company implemented Nestle Group's worldwide initiative GLOBE (Global Business Excellence), which includes the Groups' Template of SAP. This necessitated a change in the method of

valuations of raw and packing materials from quarterly weighted average to first-in-first out (FIFO) and resulted in lower consumption value and higher profit for the current quarter [approximately Rs 6.0 million, net of tax Rs. 4.0 million].

4. EBITDA, as a percentage of Net Sales for the current quarter, has decreased from 22.6% in 2005 to 20.2% in 2006. This decline in margins is mainly due to steep increase in prices of commodities, especially milk solids and green coffee, as well as those of fuels/energies; higher operating costs associated with upgraded formulations and manufacturing processes of the Infant Nutrition products to further enhance their quality; and higher salaries and other employees related costs resulting from adjustments made to align remuneration packages with market conditions as well as certain organisational structure changes to have greater business focus. Staggered increases in selling prices and higher volumes have partially offset the cost increases.

   The reported Net Profit, as a percentage of Gross Revenue for the current quarter, has increased to 13.0% from 12.6% in the same period last year. In absolute value the reported Net Profit has gone up by 13.5%. After stripping out the effect of 'Provision for Contingencies', 'Impairments' and other exceptional items, the adjusted Net Profit, as a percentage of Gross Revenue, has decreased to 12.1% from 13.4% in the same period last year. This is largely due to lower EBITDA, as explained above, and higher depreciation on account of the management information systems assets capitalised in second quarter of last year. These have been partly offset by the impact of reduction in the corporate tax rate.

5. The net credit in Provision for Contingencies resulted mainly from reversal of provisions created in earlier years (Rs. 240.7 million), due to favourable conclusion of a litigation and the final settlement of a dispute, the impact of which has been partly offset by fresh provisions on account of matters relating to litigation/dispute and other items requiring management judgement and discretion.

6. The Board of Directors declared on April 15, 2006, an interim dividend for 2006 of Rs. 6/- per equity share (nominal value Rs.10/- per equity share), amounting to Rs. 578.5 million, which will be paid on and from May 9, 2006 along with the final dividend for 2005 of Rs.2/- per equity share approved in the Annual General Meeting on April 25, 2006.

7. Based on the guiding principles given in the Accounting Standard on Segment Reporting (AS-17), the Company's primary business segment is Food. The food business incorporates product groups viz. Milk Products and Nutrition, Beverages, Prepared dishes and cooking aids, Chocolates and Confectionery, which mainly have similar risks and returns. As the Company's business activity falls within a single primary business segment, the disclosure requirements of Clause 41 of the Listing Agreement in this regard are not applicable.

8. 6 investor complaints were received and disposed off during the quarter. No investor complaint was pending at the beginning or end of the quarter.

9. Previous period's figures have been regrouped/reclassified wherever necessary, to make them comparable.

THE ABOVE RESULTS AND THIS RELEASE HAVE BEEN REVIEWED BY AUDIT COMMITTEE OF THE BOARD AND APPROVED BY THE BOARD OF DIRECTORS AT THEIR MEETING HELD ON APRIL 27, 2006.

By Order of the Board

Date: 27.04.2006
Place: Gurgaon

Martial G. Rolland
Chairman and Managing Director